

Message Text

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73

ACTION ARA-10

INFO OCT-01 AF-06 EUR-12 EA-10 NEA-09 ISO-00 FEA-01

ERDA-07 AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00

FRB-01 PA-02 USIA-15 PRS-01 XMB-04 IO-10 /157 W

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R 171525Z MAR 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 8032

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

OECD PARIS 487

AMEMBASSY LIMA

AMEMBASSY VIENNA

UNCLAS CARACAS 2966

E.O. 11652: N/A

TAGS: ENRG, PFOR, PE, EC, VE

SUBJECT: VENEZUELAN-ECUADOREAN-PERUVIAN TRIANGULAR OIL DEAL

REF: A) CARACAS 2890 B) LIMA 2090

1. TRIANGULAR DEAL REPORTED IN REF A APPEARED FOR FIRST TIME

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IN ENGLISH LANGUAGE CARACAS DAILY JOURNAL MARCH 15.

NEWSPAPER CITING /OFFICIAL SOURCES", STATES VENEZUELA WILL BUY PETROLEUM FROM ECUADOR TO SELL TO PERU. ARTICLE, WHICH IS SOMEWHAT CONFUSING, APPEARS TO SAY THAT VENEZUELA WILL FINANCE THE COST OF 20,000 B/D OF ECUADOREAN OIL SHIPPED TO PERU, AND ECUADOR WILL SELL AN ADDITIONAL 20,000 B/D TO PERU FOR ITS OWN ACCOUNT.

2. ARTICLE STATES THAT PERUVIAN GOVERNMENT WILL REPAY VENEZUELA FOR THE ECUADOREAN OIL VENEZUELA WILL FINANCE OVER A THIRTY-MONTH PERIOD. THE AGREEMENT IS ALSO SAID TO STIPULATE THAT, SHOULD PERU "DISCOVER NEW OIL FIELDS", IT WILL PAY VENEZUELA IN OIL.

3. THE ARTICLE SAYS FURTHER THAT DURING THE RECENT OPEC SUMMIT CONFERENCE ECUADOREAN PRESIDENT RODRIGUEZ LARA MADE BILATERAL CONTACTS TO OBTAIN \$1.3 BILLION TO FINANCE AN AMBITIOUS PROGRAM OF ECONOMIC AND SOCIAL DEVELOPMENT BUT THE CONTACTS ARE NOT NAMED.

4. ON MARCH 15, PRESIDENT RODRIGUEZ LARA VISITED SEVERAL MILITARY INSTALLATIONS OUTSIDE OF CARACAS. SPEAKING IN THE CITY OF VALENCIA, THE PRESIDENT WAS QUOTED BY A CARACAS NEWSPAPER AS SAYING THAT, IN HIS DIALOGUE WITH VENEZUELAN PRESIDENT PEREZ, BOTH MEN AGREED THAT IT WAS NECESSARY TO INCREASE COOPERATION ON PETROLEUM MATTERS. FOR EXAMPLE, ADDED PRESIDENT RODRIGUEZ LARA, THEY HAVE MOVED FORWARD ON THE POLICY OF SELLING OIL TO PERU "BY MEANS OF A POLICY THAT IS NOT UNILATERAL BUT RATHER IN AGREEMENT WITH THE CHARACTERISTICS OF EACH MARKET AND COUNTRY." "VENEZUELA" HE ADDED, "REMAINS FREE TO NEGOTIATE ITS PEROLEUM DIRECTLY, AND THE SAME AMPPLIES TO HIS COUNTRY".

5. PRESIDENT RODRIGUEZ LARA ALSO METIONED STATE PARTICIPATION IN THE ECUADOREAN OIL INDUSTRY. HE WAS QUOTES AS SAYING THAT THE ECUADOREAN STATE WAS STUDYING THE POSSIBILITY OF ACQUIRNG MORE SHARES IN THE PETROLEUM INDUSTRY, BUT AT PRESENT HAD ONLY BOUGHT 25 PERCENT. HE SAID THAT ECUADOR WILL TRY TO UTILIZE VENEZUELA'S EXPERIENCE IN OIL NATIONALIZATION. HOWEVER, ECUADOR HAS BEEN IN THE OIL BUSINESS ONLY TWO YEARS, AND HIS GOVERNMENT DID NOT THINK IT WOULD BE ABLE TO HAVE ABSOLUTE CONTROL OF PETROLEUM, AND WAS NOT CONSIDERING POSSIBILITY.

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ECUADOR DOES HAVE MUCH EXPECTATION OF BEING ABLE TO CARRY OUT SOCIAL AND ECONOMIC DEVELOPMENT BASED ON THE PETROLEUM INDUSTRY, HE ADDED. VENEZUELA, HE HOPED, WOULD BE ABLE TO OFFER MUTUAL COOPERATION BY AIDING IN PROJECTS AND PROGRAMS OF TECHNICAL AND CULTURAL ASSISTANCE.

6. THE ECUADOREAN PRESIDENT DID NOT SPECIFICALLY STATE THAT VENEZELA WILL HELP FINANCE ECUADOREAN OIL SHIPMENTS TO PERU,

AND NONE OF THE SPANISH LANGUAGE NEWSPAPERS HAVE YET CARRIED
THE DAILY JOURNAL STORY REFERRED TO IN PARAGRAPH
ONE.
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